

SPOKANE COUNTY FIRE PROTECTION DISTRICT NO. 8
Spokane County, Washington
January 1, 1995 Through December 31, 1995

Schedule Of Findings

1. The District Should Improve Internal Controls Over Cash Receipts

During our audit of the district's cash receipting internal controls, a system which collected in excess of \$92,000 during 1995, we noted the following internal control weaknesses:

- a. Cash receipts are not being deposited daily as required. Between March and October 1995 the district received \$64,426 which was not deposited until October 24, 1995. During the audit it was discovered that a \$728 deposit and a \$950 deposit from December 1995 had not been taken to the bank. The deposits were located in the office and deposited in October 1996.
- b. Checking accounts were not being reconciled on a regular basis. The revolving account and the advance travel account were not reconciled for nine months. The cellular phone account and trust account were not reconciled in 1995 or 1996.
- c. The district had unauthorized checking accounts. The cellular phone damage deposit checking account and the trust checking account were not authorized by the board of commissioners.
- d. Inadequate monitoring of contract payments receivables. During the audit we found that two dispatch billings of \$124 each for the first and second quarter of 1995 had not been collected.

RCW 43.09.240 states:

Every public officer and employee, whose duty it is to collect or receive payments due or for the use of the public shall deposit such moneys collected or received by him or her with the treasurer of the local government once every twenty-four consecutive hours.

The district has not implemented adequate internal controls over its cash handling procedures.

Internal control weaknesses do not provide adequate protection of public assets. Weak internal controls increase the potential for the occurrence of fraud. Additionally, when cash receipts are not deposited regularly the district loses potential interest earnings.

We recommend the district establish policies and procedures to strengthen the cash receipting control system. These procedures should include, but are not limited to, the

following:

- a. All receipts should be deposited timely and intact with the county treasurer.
- b. All bank accounts should be reconciled monthly.
- c. The cellular phone and trust bank accounts should be closed.
- d. The district should monitor receivables to ensure moneys are collected on a timely basis.